GOVERNMENT OF INDIA
CORPORATE AFFAIRS
LOK SABHA

UNSTARRED QUESTION NO:1059
ANSWERED ON:04.12.2015
Independent Directors
Chinnaraj Shri Gopalakrishnan;Kashyap Shri Virender

Will the Minister of CORPORATE AFFAIRS be pleased to state:

(a) the criteria laid down for the appointment of independent director in the company including Public Sector Undertakings (PSUs);
(b) whether the Government is aware that number of companies including PSUs have not appointed women directors in its board;
(c) if so, the details thereof and the reasons therefor along with steps taken by the Government in this regard;
(d) whether the Government has issued any direction to the listed companies to nominate persons belongs to SC/ST as Director in its board, if so, the details thereof; and
(e) the steps taken/being taken by the Government to ensure appointment of women directors on listed companies board?

Answer

THE MINISTER OF CORPORATE AFFAIRS (SHRI ARUN JAITLEY)
???????? ????? ?????? (???? ???? ?????)

(a):- Section 149(4) provides that every listed company shall have atleast 1/3rd of total number of directors as independent directors. Clause 49(II) of Listing Agreement further requires that in case the listed company does not have a regular non-executive Chairman, at least half of the Board should comprise Independent Directors. Further, where the regular non-executive Chairman is a promoter of the company or is related to any promoter or person occupying management positions at the Board level or at one level below the Board, at least one-half of the Board of the company shall consist of indpendendent directors.
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Rule 4 of Companies (Appointment and Qualification of Directors) Rules, 2014 prescribe that unlisted public companies having a paid up capital of Rs. 10 crores OR more, OR turnover of Rs. 100 crores or more, OR having outstanding loans, debentures and deposits exceeding Rs. 50 crores, should have atleast two independent directors. However, if the audit committee constitution requires a higher number, then such higher number of independent directors shall be appointed. These provisions are applicable to Public Sector Undertakings (PSUs) also.
Section 149 (6) read with Rule 5 of Companies (Appointment and Qualification of Directors) Rules, 2014 prescribes the qualifications etc. for an Independent Director. In addition, Department of Public Enterprises has prescribed criteria for selection/appointment of non-official Directors on the Board of CPSEs as per Annexure-I.
(b), (c) and (e):- Yes. The number of companies, category wise, which have not appointed woman directors are as follows:-
(i) listed companies including listed PSUs:- 1707
(ii) unlisted companies including unlisted PSUs:- 329
SEBI had prescribed fines on listed companies (other than PSUs) between Rs. 50,000 and Rs. 1,42,000 depending upon period of default from 1st April, 2015 to 1st October, 2015. Additionally, a per day fine of Rs. 5,000 is being imposed for continued violation after 1st October, 2015. SEBI had requested Government to advise the concerned administrative Ministries to take appropriate steps for ensuring compliance by defaulting listed PSUs. Prosecution has been launched against 121 defaulting unlisted companies(other than PSUs).
(d):- No. *********